



EAGC-COMPETE Partner Funding Support Report

1st Quarter Progress Report (January– March 2010)

This report from Eastern Africa Grain Council (EAGC) Secretariat is for the 1st Quarter and covers the activities carried out.

1. ADMINSTRATION AND OPERATIONS

1.1 Quarterly activity reports

EAGC held a regional technical meeting on 15th April 2010 where country offices presented quarterly activity reports. The quarterly reports will e presented to the Board in the next meeting.

1.2 Board meetings

One (1) board meeting was held in the 1st quarter 2010 on 22nd January 2010 and the following issues were discussed:

- a) EAGC Audit
- b) Grain Trade Institute
- c) Recruitment of staff
- d) Country offices Uganda & Tanzania
- e) EAGC 2010 Work plan & Budgets
- f) Uganda and Tanzania strategic plans
- g) EAGC AGM & Members Luncheon 2010
- h) EAGC HR policy and procedure manual

As a follow up, a committee meeting on Finance, HR and Audit was held on 15th February 2010 to deliberate on issues raised during the board meeting.

1.3 Regional country leadership strengthened

In Uganda and Tanzania, interviews and selection of STS Assistants were completed in January and they reported in February 2010. The STS Program manager, M&E specialist, MIS manager and the Kenya Country manager were recruited and reported in February.

2. MEMBERSHIP DEVELOPMENT

The current EAGC membership stand at 72. Below is a list of new EAGC corporate members who were recruited in the 1st quarter 2010.

| i) AGTRADE (UG) Ltd | Associate | Uganda |
|---|-----------|--------|
| ii) USAID-LEAD | Associate | Uganda |
| iii) CORONET GROUP iv) Busia Produce Dealers Society | Associate | Uganda |
| Ltd | Active | Uganda |
| v) Toror Farm Ltd | Active | Kenya |

| vi) Cheptabach Midway Farm Ltd | Active | Kenya |
|--------------------------------|--------|-------|
| vii) Kapsuswa Farm Ltd | Active | Kenya |
| viii)Laroschel Dedeby Ltd | Active | Kenya |

3. MARKET IFORMATION & COMMUNICATION

EAGC in its view of improving structured trade in the grain sub-sector, continues to improve its marketing and information communication systems and strucutures in order to achieve its mandate. With the global and regional interest and resurgence of intra-regional trade, market price information systems have increased. This is also encompassed by a great need for econometric data that can be used to influence trading, production and economic decisisons and informed forecasting by its membership including traders, process ors, farmers and other stakeholders. To this end EAGC has made several improvements in its MIS structures including.

- 1. Development of EAGC Communication Strategy
- 2. Review of RATIN.
- 3. Restructuring of internal IT systems and Structures.
- 4. Improving of web-hosting and support services.
- 5. Improvement of Boarder Monitoring.

Development of EAGC Communication Strategy

The MISdepatment begun development of the communication strategy for the council. This was done through the process of reviewing the current structures that are in place and how they can optimally, utilised for effective marketing and communication of the Council. A draft progress was presented to the staff and some board members during the quarterly technical staff meeting held on 1st and 2nd March 2010. The strategy will be finalised during the second quarter.



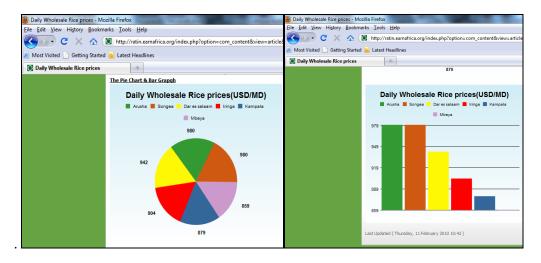
Review of RATIN.

Based on membership and stakeholder sentiments on the need for improved usability and efficiency of RATIN, EAGC has reviewed the RATIN Website to incorporate strategic improvements. The rethinking is informed by reviews made on who is actually using RATIN Information, what are the users using it for, what benefits the users accrue from data from RATIN, what costs are incured as a result of using or not using RATIN, what is required to give meaning to the analysed data from RATIN and what other alternative sources of equivalent data sources exists, how accurate is the information, what timings is the data required, what dissemination channles are EAGC-COMPETE Quarter 1 report 2010

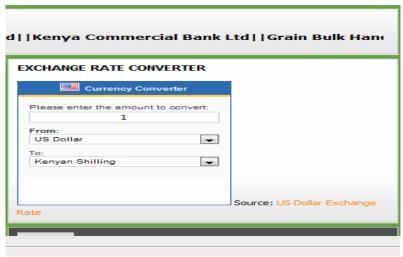


most appropriate to reach the users and what is the cost benefit analysis of using RATIN.

Accordingly, EAGC has therefore begun the review of RATIN based on some of the ideas received from the members and stakeholders. The work in progress of the site is currently been locally hosted at http://ratin.earnafrica.org. The initial changes include econometric analysis of the data received to be able to give the user first hand information of what the data posted means at any one time. The improved anlysis of data, and also its packaging also ensures that the quality control and analysis of the information it taken into consideration. The structure and the new site is able to flag off some of the emerging diffrences in the data received thus enables the analysts to ensure quality and the accuracy of the infroamtion that is presented.



The site has also included a currency converter, as most users always want to receive the price, based on the various local markets. The live Currency Convertor is linked to give updated rates at the world markets and currently covers, Uganda, Kenya, Tanzania and Rwanda. Other countries will be included as the improvements continue.



Restructuring of internal IT systems and Structures.

EAGC has conducted a systems audit of its IT support and begun working on Changes to improve the internal and external IT systems. Some of the findings of the system audit is the persistent virus attacks and threat to internal security which have since been sorted. Some of the focus for improvement on the internal MIS systems and structures include Support and Maintenance of the EAGC Websites and Web Applications, Complete modification of data input methodologies in all the three websites (www.ratin.net and

<u>www.graintradesummit.com</u>), Utilization of AJAX to facilitate data entry, Upgrading the websites to the expectation of EAGC team along with shifting logics of RATIN and E-TRADE backend activities that connect to one centralized server, Modifications should also suit the needs of EAGC customers on RATIN / E-TRADE Websites, online members' management system, newsletter component that provides subscribers with alerts, news items, and maintenance and optimization of the online database, Installation and maintenance of a

Content Management System (CMS), where applicable, that will enable EAGC to: add web pages, edit an articles or webpages, manage photos and galleries among other things, Install inbuilt multiple language translator (French and Kiswahili), Procurement & Installation of new SMS codes for Kenya, Tanzania and Uganda and Short SMS Integration with simplified user management / instructions.

This exercise is continuous to ensure efficiency in the EAGC IT support services, which also supports the EAGC RATIN and the graintradesummit websites and internal technical systems.





EAGC has made changes to its web hosting and management. This was after prior consultations with the staff and the previous host sawasawa.com. After a thorough analysis and review of the working modalities with sawasawa.com, EAGC registered it disappointment from lack of support and foresight into the IT and web hosting and maintenance and therefore agreed to change its services providers. After elaborating sourcing and discussion with various service providers, EAGC therefore agreed to host its own systems hosted at Kenya Data Networks, (KDN) with support from KEN-TECH data company. The process of transfer from sawasawa.com is on going and will be finalised soon.

• Improvement of Boarder Monitoring.

EAGC held a meeting with all the boarder and price monitors from the various countries to support improvement of the data collection and analysis systems. During the meeting, the monitors participated in the harmonisation of data collection from the various points and clarifications done on the methodology of data collection, how the information received is analysed, how its packaged and presented to the stakeholders and some of the dissemination channels to form the whole reporting aspects. Filed visits were also made to Namanga Boarder by the EAGC MIS manager, Research and data Analyst and STS program manager, to monitor data collection. A programm has therefore been drawn up to ensure improvement in the EAGC data collection system. A meeting was also held between EAGC MIS team, USAID COMPETE, Isaack Tallam and the Ministry of Agriculture's official in charge of Market Information Ms Annastacia Kivuva was held to explore collaboration on information sharing from the border monitors covered by the MoA. A follow up meeting will be made after a field trip by MOA to explore addition of other boarders to be covered.

Linkage to Regional MIS

To achieve linkages with regional and national MIS providers, a trip was undertaken to Rwanda and Burundi from 08th-12th February to establish areas of possible collaboration between RATIN and other MIS players including **ESOKO** of the Ministry of Agriculture in **Rwanda** and other Market information providers **in Burundi** and **DR Congo** who were represented by two senior Ministry of Agriculture officials from the Kivu region in Eastern DRC. The trip was also used to identify a price/market monitor for Kigali, after the previous monitor

disengaged from EAGC service. On this trip too, EAGC sought ways of meeting various stakeholders in the grain value chain for collaboration ahead of EAGC's official launch in Rwanda/Burundi.

MIS meeting at the IFDC Offices:

Organizations represented were; EAGC, IFDC, Ministry of Agriculture -Rwanda, Ministry of Agriculture-Burundi, Ministry of Agriculture-DRC/Kivu, and VOXIVA-an ICT firm that developed and supports ESOKO.

The agenda of the meeting was:

- Discussion of RATIN
- Discussion of ESOKO
- Decide on how to adopt those systems
- Draw a timetable for possible rollout

Outcome of the Deliberations;

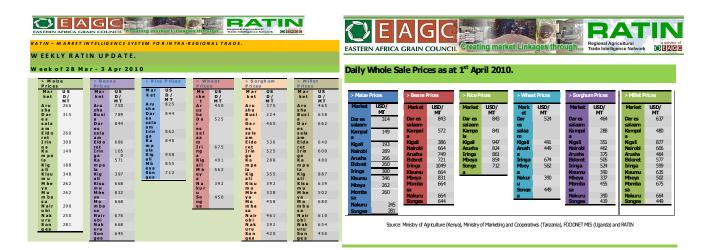
- 1. Need to develop and/or strengthen the National Market Information Systems. Developing systems is essential for Burundi and DRC who are emerging from a difficult era of conflict.
- 2. Obtain Country Approval- there is need for an official Memorandum of Understanding to establish a working relationship between EAGC and government authorities in the respective countries involving Ministries of Agriculture/Trade and National Statistics Agencies)
 - To provide a platform for the country to share information
- 3. Harmonization of terminologies and methodologies of data collection.
- 4. Technology integration between national systems + RATIN

At the end of the meeting there was overall consensus that while NMISs had no capacity or incentive to collect and disseminate data outside of their borders, they would focus on strengthening their own systems and let RATIN use some of the generated information from these NMISs to inform stakeholders at the regional level.

Improvement of EAGC Dissemination

RATIN Weekly E-Update

EAGC has continued working on dissemination channels of Market Intelligence information on RATIN. During the quarter daily Information was disseminated to members, and partners in all the EAGC countries. Other Key Bodies who continued using the information include FEWSNET, Food Net, and GIEWs.



The council has continued receiving feedback from users on the same as shown below.

Thanks for the info, it does help. I hope I have been of some help in return.

Kind Regards.

-- Andy Dale,

TV and RADIO

During the quarter, EAGC was featured in several TV and Radio programmes to improve dissemination of information and increase services to members. On 10th and 16th of February 2010, EAGC was featured by one of the main TV channels in the Kenya K24; this was at a time when farmers were grappling with the effects of the harvest glut after the long rains experienced in end of 2009. The main feature was on warehouse receipt systems and how farmers can effectively support the services. During the same Period, the Executive Director also participated on the Mali Shambani Programme on KBC Radio, which according to a study has an audience of about 2 million listeners, 40% of whom were women.



Development of trade link site

A new trade link website is being developed and it's on its final stages. 100 bags of beans and 3054 bags of maize were posted through trade link site in the last quarter.

| Ref No. | Commodity | Volume | Unit | Offer Amount | Bid Amount | Origin | Warehouse | Posted on | Trader |
|----------------|------------------|--------|-------------|-----------------|---------------|-------------------|----------------------------|-----------|------------------------------|
| SH- 40/2010 | Shelled Maize | 54 | 90KG Bag | KES 2,400 | | Kenya - Kitale | Export Trading Store | 3 Mar 10 | SIBANGA CEREAL BANKING |
| SH- 39/2010 | Shelled Maize | 3000 | 90KG Bag | KES 2,200 | | Kenya - Kitale | Farmer's store | 27 Jan 10 | N/A |
| BE- 38/2010 | Beans | 100 | 90KG Bag | KES 5,000 | | Kenya - Kitale | Farmers' store | 22 Jan 10 | Kiungani |

5. STRUCTURED TRADING SYSTEMS

The overall objective of EAGC is to create orderly grain markets through structured trading systems that will contribute to the process of improved farm income generation leading to poverty reduction and food security, particularly for smallholder grain producers.

Structured Trading Systems (STS) program objectives are; to enhance market opportunities for grain farmers in the region, promote use of rules of trade, contracts and arbitration, and strengthen the institutional frame work for promotion of regional trade in grain.

STS-KENYA

Agricultural Market Institutions Established & Strengthened

Review the WRS in Kenya based on challenges faced in 2009 season

A number of review meetings were held in the 1st guarter 2010.

- a) The first meeting between EAGC and Financial Sector Deepening Trust (FSD) This meeting focused on the WRS progress in 2009 season. FSD was concerned that the WRS performance targets might not been achieved as perceived when the project was started due to constraints so far faced.
- b) WRS technical committee meeting
 This was meant to review the certification of NCPB warehouses.
- c) EAGC and Equity bank Equity bank and EAGC held a meeting to review the gaps in WRS contractual agreements.

Conduct warehouse certification inspections for new warehouses in Kenya

The certification of Export Trading warehouses in Eldoret and Kitale was done in January. The facilities were certified to issue warehouse receipts at category C since they could not meet some parameters for category A &B for instance:

- a) No standby generator available
- b) No drying equipment
- c) No holding area
- d) No perimeter wall

After certification, Export Trading Ltd signed the agreement on warehouse management protocols and the commodity care rules with EAGC. They also took a comprehensive insurance cover as required in WRS. Warehouse Receipt books were printed by a security printing firm (Taws Ltd). However Warehouse Receipt Financing agreement between Equity bank, Export Trading Ltd and EAGC was not signed owing to due diligence done by Equity Bank on Export Trading Ltd.

All documents required to operationalise the WRS were issued viz: WHR receipt books, Storage contract between Export Trading and the depositors, transport contract between farmer group and the transporter for transport advance, WHR transfer forms and WRS charges.

Having certified Lesiolo Grain Handlers Ltd in 2008/09, EAGC commissioned another inspection for the storage facility. The facility met the EAGC standards and it was awarded category "B" of the EAGC certification levels.

Engage a consultant to review full insurance policies for WRS in Kenya

An insurance consultant from AON MINET was engaged to review all the insurance policies for the new warehouses. The consultant reviewed all the insurance policies for NCPB, Export Trading Co.Ltd and Lesiolo Grain Handlers and advised accordingly.

Conduct WRS periodic inspections in Kenya

It was felt that there was no need to carry out the periodic inspection since the stocks to be inspected were too low and it was not economical to undertake the exercise.

Engage short-term assignments to 3 Field assistants (Nakuru, Eldoret and Kitale)
 Three field assistants attached to USAID's Kenya Maize Development Program (KMDP) were identified but only two were engaged in the 1st quarter.

Stakeholder Capacity Building (Training Courses and Awareness Creation on STS Matters

Facilitate formation & strengthening of FBO associations at national levels

EAGC and KMDP held a meeting on 24th March 2010 and the issue of strengthening the farmer groups for sustainability through possible formation of regional umbrella bodies was discussed. It was agreed that a follow-up meeting be scheduled to come up with a work plan on how to form associations.

• Facilitate formation & strengthening of small traders & small millers associations at national levels

A meeting with small grain traders was held in Nakuru on 3rd February 2010. A total of 44 traders participated. EAGC facilitated the formation of two groups for small traders which would then form a Nakuru small traders association. The essence of forming the association was due to some of the challenges that affected the traders and includes:

- a. Lack of grain market.
- b. Lack of capital to purchase large volumes.
- c. Lack of storage facilities/insecurity since grain is left outside covered with plastic sheets...
- d. Lack of knowhow on grain quality specifications
- e. Low purchasing power from consumers- forces them to buy small stocks.

EAGC identified other small traders willing to for groups in Eldoret and Kitale and meetings will be scheduled for the next quarter.



On the other hand, some small millers who are involved in buying and milling of maize have been identified: 3-Nairobi area, 5-Nakuru and its environs and 2 in Nyahururu. EAGC will facilitate the formation of a small millers association. A meeting with FARU Flour mills was held on 22nd February. 2010. The miller highlighted the challenges he faces during operation as:

- a) scarcity of maize
- b) lack of market information
- c) competition from large millers e.g. in accessing the packaging materials
- d) Lack of storage facilities which causes storage losses.

It was agreed that the way forward is to form an organization that can assist small millers address problems affecting them. EAGC can assist them buy maize from farmers as one of the services.



Conduct training on WRS targeting farmers, traders and processors

EAGC and Export Trading Ltd participated in the NCPB's farmers' field day on 5th Feb.2010 where farmers who attended were taken through the system. The farmers wanted assurance that the WRS is there to stay in their area so that they can participate in the coming season.

EAGC also held two meetings in Eldoret to launch the WRS in North Rift region. The first meeting was held on 6^{th} Feb.2010 and it consisted of the large farmers. EAGC targeted the key 10 large farmers who can support the system in Eldoret area.

The 2nd meeting with the small farmers was held on 12th Feb.2010. USAID-KMDP mobilized 40 representatives from farmer groups in North Rift region who attended the meeting.



EAGC and export trading during the NCPB's field day

A section of participants in the Eldoret meeting

Two media houses-K24 and Kass FM were in the meeting and the concept of WRS was later broadcasted through the media houses. Some of the suggestions that rose during the meetings include:

- Minimum quantity of maize should go down even to 100bags lots
- EAGC need to crease more awareness.
- EAGC should own the program fully and stop relying on partners
- Farmers should have an interaction with small millers who can buy small lots of maize
- Campaign for WRS should start early in the year
- EAGC should liaise with Ministry of Agric. officers
- Cost of production calculation to assist farmers estimate the selling price
- Use other media-TV and Radio to promote the system

STS Achievements and results

The certification of Export Trading was done in January when most farmers had sold their maize in December with the exception of the large scale farmers who still held some substantial amounts in their stores. However farmers in Kitale and Kitale tried to use the system and they managed to contribute some maize into the system.



(A) Farmers in Kitale doing maize post harvest handling

(B) Truck offloading maize at the warehouse

The notable achievements for the 1st quarter were:

- WRS was launched in North Rift region.
- Two farmer groups in Kitale (Temu Yuya-24 members and Sibanga-19 members) managed to contribute 134 bags (12.06 MT) of which GRNs were issued.
- Two warehouse receipts were issued to two medium farmers in Eldoret who deposited 50.8MT and 70MT of maize
- Three storage facilities inspected and certified to participate in WRS
- One trader has requested us to inspect his facilities so that he can buy and store their stocks under WRS.
- NCPB warehouses were inspected and they are working on non-conformities before operating in WRS for next season.
- More banks have shown interest to be involved in WRS- (Cooperative Bank, KCB, ECO Bank).
- WFP have been linked to warehouse receipt holder to purchase the receipts.

STS-UGANDA

1) WRS

In Uganda, Uganda Commodity Exchange (UCE) is mandated to license warehouses in Uganda. At the moment, 4 warehouses have been licensed in Uganda- Agroways Ltd(Jinja), Nkakatonzi and ElShadai(Kasese) and MASGA(Masindi). Uganda team embarked on an exploration exercise to study the system in the country and determine the loopholes for any possible interventions by EAGC. One of the warehouses has already been visited and assessed, and the exercise will be spread to the 2nd Quarter. At one of the meetings, UCE expressed willingness to partner with EAGC to promote the WRS. Some of the areas that need intervention include post harvest handling, storage facilities and processing equipment.





2) Grain Business Fair

The possibility of holding the Grain Business Fair in 2010 was at first rejected by EAGC Uganda members considering fact that preparation time had run out and the suggestion was that it be pushed to early 2011 since the National Agricultural show would be held during the next season in July. However, later the idea was accepted preparations have gone ahead as follows:

- The Theme was confirmed as "Enhancing Competitiveness in the Grain Value Chain"
- A concept note was prepared.
- The dates of August 19th and 20th were proposed (Two days; farmers' Day and business Day).
- One of the proposed chief guests- the King of the Rwenzururu (Kasese is part of his kingdom) was informed and has already expressed interest and we are to follow up with a formal invitation.
- The budget was been made.
- A committee was put in place.
- The venue was confirmed and booked (Nyakasanga Stadium in Kasese).
- The Events manager was engaged and has started the mobilization exercise
- Partners were identified with confirmations from:
 - 1- Nyakatonzi Growers' Cooperative Union Ltd
 - 2- Uganda Commodity Exchange
 - 3- UN World Food Programme
 - 4- USAID Lead
 - 5- Coronet Group
 - 6- Uganda National Agro Dealers' Association
- Coronet and WFP have promised to get back next week regarding their monetary contribution.
- We have others like input suppliers (seed and agro machinery) and beer companies who expressed interest but they are yet to confirm.
- Mobilization in the neighboring districts has already started.